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FM SECSTATE WASHDC

TO AMEMBASSY MONROVIA

INFO AMEMBASSY DAKAR

AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMCONSUL CASABLANCA

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E.O. 11652: N/A

TAGS: EAIR, LI

SUBJECT: CIVAIR: BILATERAL NEGOTIATIONS

REF: MONROVIA 2113

1. AS EMBASSY IS AWARE, GHANA, IVORY COAST, AND SENEGAL
HAVE ALSO EXPRESSED STRONG INTEREST IN CONCLUDING AIR
TRANSPORT AGREEMENTS WITH US. IN ADDITION, BENIN,
MAURITANIA, AND NIGERIA HAVE EXPRESSED INTEREST IN HOLDING
CIVAIR TALKS. PAN AM, THE ONLY US AIRLINE OPERATING IN
SUB-SAHARA AFRICA, AND SEVERAL US EMBASSIES HAVE
RECOMMENDED THAT USG BE RESPONSIVE TO THESE REQUESTS IN THE
INTERESTS OF PRESERVING AND EXPANDING PAN AM'S OPERATIONS
IN THAT AREA. HOWEVER, THERE IS POSSIBILITY THAT IF
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REQUESTED BILATERAL AGREEMENTS ARE CONCLUDED, THE RESULTING

ROUTE AWARDS TO AFRICAN COUNTRIES WOULD PROVIDE OPPORTUNITY FOR A NUMBER OF NATIONAL AIRLINES TO OFFER SERVICE AND THEREBY TO CONTRIBUTE TO OVERCAPACITY IN THE US-AFRICA AVIATION MARKET WHICH IS SMALL BY COMPARISON TO OTHER US MARKETS. A DILUTION OF THIS MARKET COULD ADVERSELY AFFECT THE REVENUES OF US AIRLINES.

2. IN GENERAL, FOLLOWING ECONOMIC STANDARDS ARE APPLIED TO

ALL AFRICAN COUNTRIES IN FORMULATION US CIVAIR POLICY:

A. US AIRLINES ARE ABLE TO PROVIDE DIRECT SERVICE BETWEEN THE UNITED STATES AND AFRICA BY COMBINING DIFFERENT MARKETS ON THE SAME TRUNK SERVICE. NO AIRLINE COULD PROVIDE DIRECT, NONSTOP, TURNAROUND SERVICES IN EACH US-AFRICA MARKET (SUCH AS BETWEEN NEW YORK AND MONROVIA).

B. TO THE EXTENT THAT INDIVIDUAL AFRICAN COUNTRIES OF GROUPS OF COUNTRIES ARE ALSO IN A POSITION TO COMBINE DIFFERENT MARKETS ON THE SAME TRUNK SERVICE, THE US IS PREPARED TO RECOGNIZE AN ECONOMIC BASIS FOR US ROUTE RIGHTS.

C. WHERE SUCH A BASIS DOES NOT EXIST AT THE PRESENT TIME, THE FOREIGN COUNTRY SHOULD EITHER DEFER ITS ROUTE REQUESTS OR AGREE THAT THE EXERCISE OF ANY RIGHTS GRANTED ARE CONTINGENT ON JOINING A REGIONAL AIRLINE, OPERATING ON A BLOCKED SPACE BASIS WITH A US OR AFRICAN AIRLINE AUTHORIZED TO SERVE THE US, OR ON THE PRIMARY MARKET REACHING A CERTAIN PRESCRIBED SIZE.

D. AFRICAN COUNTRIES UNWILLING TO ACCEPT REASONABLE ECONOMIC STANDARDS FOR BILATERAL AGREEMENTS RUN THE RISK OF TERMINATION OF OR REDUCTION IN US AIRLINE SERVICE.

3. IVORY COAST AND SENEGAL (ALONG WITH BENIN, MAURITANIA ETC.) ARE PARTIES TO THE 1961 TREATY OF YAOUNDE UNDER WHICH AIR AFRIQUE IS THE NATIONAL AIRLINE OF EACH SIGNATORY. DAKAR IS AN IMPORTANT GATEWAY INTO AFRICA WHILE BOTH DAKAR AND ABIDJAN ARE IMPORTANT TRAFFIC LIMITED OFFICIAL USE

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GENERATING POINTS. WE HAVE ACCEPTED, IN PRINCIPLE, THE CONCLUSION OF AIR TRANSPORT AGREEMENTS WITH BOTH COUNTRIES, AND SIGNIFICANT PROGRESS TO THAT END HAS BEEN MADE DURING PREVIOUS NEGOTIATIONS. FURTHER NEGOTIATIONS WITH BOTH COUNTRIES ARE TO BE HELD IN NEAR FUTURE. AIR AFRIQUE ALREADY SERVES NEW YORK ON BASIS OF AN OPERATING PERMIT ISSUED BY THE US CIVIL AERONAUTICS BOARD.

4. WITH RESPECT TO GHANA, A DRAFT BILATERAL AGREEMENT WAS NEGOTIATED IN NOVEMBER 1975, BUT IT WILL NOT BE FINALIZED UNTIL SEVERAL SUBSTANTIVE BILATERAL CIVAIR ISSUES ARE RESOLVED. THE DRAFT AGREEMENT WOULD ALSO CONTAIN A SIDE UNDERSTANDING WHICH IN EFFECT WOULD GIVE US VETO POWER OVER COMMENCEMENT OF ANY FUTURE SCHEDULED AIRLINE SERVICE BY GHANA INTO THE US. THE DRAFT AGREEMENT WITH GHANA WAS REACHED WITH CONSIDERABLE RELUCTANCE, AFTER FOUR ROUNDS OF CONSULTATIONS, AND WITH

NO VIABLE ALTERNATIVES LEFT. GHANA HAS NOT INDICATED A DESIRE TO IMPLEMENT AIRLINE SERVICE TO THE UNITED STATES AND HAS ACCEPTED THE US STANDARD FORM FOR AN AGREEMENT. THIS STANDARD LANGUAGE REFLECTS LONG ESTABLISHED US AVIATION PRINCIPLES CONCERNING RATES, CAPACITY, AND FREE AND EQUAL OPPORTUNITY TO COMPETE ON ROUTES.

5. LIBERIA HAS BEEN SHOWING INCREASING INTEREST IN EXPANDING ITS AIRLINE OPERATIONS. SINCE 1972, AIR LIBERIA HAS BEEN NEGOTIATING WITH PAN AM FOR A BLOCK SPACE ARRANGEMENT. MONROVIA HAS LIMITED TRAFFIC POTENTIAL, BUT IS THE PRINCIPAL OPERATIONAL BASE FOR PAN AM IN AFRICA. BECAUSE OF ITS LOCATION, MONROVIA IS SERVED ON ALL OF PAN AM'S FLIGHTS TO WEST AFRICA. HOWEVER, IN VIEW OF LIBERIA'S LIMITED TRAFFIC POTENTIAL, ANY ARRANGEMENT WITH THAT COUNTRY WOULD HAVE TO REFLECT THE CONSTRAINTS OUTLINED PARA 2 C ABOVE. ALTHOUGH AN EVENTUAL BILATERAL AGREEMENT CANNOT BE RULED OUT, WE BELIEVE OTHER ALTERNATIVES SHOULD BE TRIED FIRST. THESE WOULD BE MORE SUITABLE TO BOTH US AND LIBERIAN AVIATION REQUIREMENTS. IF LIBERIA WISHES TO PARTICIPATE IN AIRLINE SERVICE TO THE US, IT WOULD DO BEST TO JOIN LIMITED OFFICIAL USE

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IN A BLOCKED SPACE ARRANGEMENT WITH ANOTHER AIRLINE, SUCH AS PAN AM; OR JOIN A REGIONAL AIRLINE, SUCH AS AIR AFRIQUE. WE COULD NOT CONSIDER GRANTING LIBERIA ANY ROUTE RIGHTS FOR ITS OWN OPERATION IN THE FORESEEABLE FUTURE, SINCE THAT WOULD GIVE LIBERIA ACCESS TO A FAR LARGER MARKET (US) THAN THE MARKET AVAILABLE TO PAN AM (LIBERIA AND BEYOND).

6. OUR RELUCTANCE TO COMMENCE NEGOTIATIONS WITH LIBERIA HAS BEEN BASED ON GIVING PAN AM SUFFICIENT TIME TO ATTEMPT TO HEAD OFF LIBERIAN INTEREST IN ITS OWN US SERVICE AND IN AGREEMENT. WE HAVE HOPED THAT A SUCCESSFUL CONCLUSION OF A BLOCKED SPACE ARRANGEMENT WOULD HAVE SATISFIED THE LIBERIANS. IN ADDITION, IT HAS BEEN DIFFICULT TO SCHEDULE TALKS WITH LIBERIA IN VIEW

OF MORE PRESSING NEGOTIATING COMMITMENTS ELSEWHERE.

7. DEPARTMENT HAS NO OBJECTION TO EMBASSY HOLDING DISCUSSIONS WITH LOCAL CIVAIR AUTHORITIES, BUT IN VIEW OF HIGHLY TECHNICAL NATURE OF CIVAIR ISSUES AND POSSIBLE RAMIFICATIONS OF ANY US-LIBERIA ARRANGEMENTS ON US CIVAIR RELATIONS WITH OTHER COUNTRIES, WE BELIEVE THAT FORMAL NEGOTIATIONS WITH LIBERIA SHOULD BE CONDUCTED BY STATE/EB AND CAB OFFICIALS.

8. ACTION REQUESTED: DEPARTMENT APPRECIATES, HOWEVER, THAT IT WOULD PROBABLY BE COUNTERPRODUCTIVE TO REFUSE TO MEET WITH LIBERIANS. ACCORDINGLY, EMBASSY IS REQUESTED TO INFORM GOL THAT USG SUGGESTS HOLDING BILATERAL CONSULTATIONS, JUNE 28-JULY 2 IN WASHINGTON, D.C. TO DISCUSS GOL REQUEST FOR AGREEMENT.

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